

Representative Douglas V. Sagers proposes the following substitute bill:

HIGH COST INFRASTRUCTURE TAX CREDIT AMENDMENTS

2022 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Douglas V. Sagers

Senate Sponsor: _____

LONG TITLE

General Description:

This bill modifies provisions related to the high cost infrastructure development tax credit.

Highlighted Provisions:

This bill:

- ▶ modifies the definitions of "high cost infrastructure project" and "infrastructure" for purposes of qualifying for a high cost infrastructure tax development tax credit; and
- ▶ creates a termination date for the definition modifications but requires the Legislature to review the definition modifications before termination.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides a special effective date.

Utah Code Sections Affected:

AMENDS:

63I-1-279, as last amended by Laws of Utah 2021, Chapter 280

79-6-602, as renumbered and amended by Laws of Utah 2021, Chapter 280



26 *Be it enacted by the Legislature of the state of Utah:*

27 Section 1. Section **63I-1-279** is amended to read:

28 **63I-1-279. Repeal dates, Title 79.**

29 (1) Subsection **79-2-201(2)(r)**, related to the Heritage Trees Advisory Committee, is
30 repealed July 1, 2026.

31 (2) Subsection **79-2-201(2)(s)**, related to the Recreational Trails Advisory Council, is
32 repealed July 1, 2027.

33 (3) Subsection **79-2-201(2)(t)**, related to the Boating Advisory Council, is repealed July
34 1, 2024.

35 (4) Subsection **79-2-201(2)(u)**, related to the Wildlife Board Nominating Committee, is
36 repealed July 1, 2023.

37 (5) Subsection **79-2-201(2)(v)**, related to regional advisory councils for the Wildlife
38 Board, is repealed July 1, 2023.

39 (6) Title 79, Chapter 5, Part 2, Advisory Council, which creates the Recreational Trails
40 Advisory Council, is repealed July 1, 2027.

41 (7) The language in Subsection **79-6-602(3)(a)(iii)** ", a pipeline" and "manufacturing"
42 is repealed July 1, 2030.

43 Section 2. Section **79-6-602** is amended to read:

44 **79-6-602. Definitions.**

45 As used in this part:

46 (1) "Applicant" means a person that conducts business in the state and that applies for a
47 tax credit under this part.

48 (2) "Fuel standard compliance project" means a project designed to retrofit a fuel
49 refinery in order to make the refinery capable of producing fuel that complies with the United
50 States Environmental Protection Agency's Tier 3 gasoline sulfur standard described in 40
51 C.F.R. Sec. 79.54.

52 (3) "High cost infrastructure project" means a project:

53 (a) (i) that expands or creates new industrial, mining, manufacturing, or agriculture
54 activity in the state, not including a retail business;

55 (ii) that involves new investment of at least [~~\$50,000,000~~] \$25,000,000 in an existing
56 industrial, mining, manufacturing, or agriculture entity, by the entity; or

57 (iii) for the construction of a plant, a pipeline, or other facility, including a fueling
58 station, for the storage, production, or distribution of hydrogen fuel used for transportation,
59 electricity generation, manufacturing, or industrial use;

60 (b) that requires or is directly facilitated by infrastructure construction; and

61 (c) for which the cost of infrastructure construction to the entity creating the project is
62 greater than:

63 (i) 10% of the total cost of the project; or

64 (ii) \$10,000,000.

65 (4) "Infrastructure" means:

66 (a) an energy delivery project as defined in Section [63H-2-102](#);

67 (b) a railroad as defined in Section [54-2-1](#);

68 (c) a fuel standard compliance project;

69 (d) a road improvement project;

70 (e) a water self-supply project;

71 (f) a water removal system project;

72 [~~(g) a solution-mined subsurface salt cavern; or~~]

73 [~~(h)~~] (g) a project that is designed to:

74 (i) increase the capacity for water delivery to a water user in the state; or

75 (ii) increase the capability of an existing water delivery system or related facility to
76 deliver water to a water user in the state[-]; or

77 (h) a hydrogen fuel production or distribution project.

78 (5) (a) "Infrastructure cost-burdened entity" means an applicant that enters into an
79 agreement with the office that qualifies the applicant to receive a tax credit as provided in this
80 part.

81 (b) "Infrastructure cost-burdened entity" includes a pass-through entity taxpayer, as
82 defined in Section [59-10-1402](#), of a person described in Subsection (5)(a).

83 (6) "Infrastructure-related revenue" means an amount of tax revenue, for an entity
84 creating a high cost infrastructure project, in a taxable year, that is directly attributable to a high
85 cost infrastructure project, under:

86 (a) Title 59, Chapter 7, Corporate Franchise and Income Taxes;

87 (b) Title 59, Chapter 10, Individual Income Tax Act; and

- 88 (c) Title 59, Chapter 12, Sales and Use Tax Act.
- 89 (7) "Office" means the Office of Energy Development created in Section [79-6-401](#).
- 90 (8) "Tax credit" means a tax credit under Section [59-7-619](#) or [59-10-1034](#).
- 91 (9) "Tax credit certificate" means a certificate issued by the office to an infrastructure
- 92 cost-burdened entity that:
 - 93 (a) lists the name of the infrastructure cost-burdened entity;
 - 94 (b) lists the infrastructure cost-burdened entity's taxpayer identification number;
 - 95 (c) lists, for a taxable year, the amount of the tax credit authorized for the infrastructure
 - 96 cost-burdened entity under this part; and
 - 97 (d) includes other information as determined by the office.

98 Section 3. **Effective date.**

- 99 (1) Except as provided in Subsection (2), this bill takes effect on January 1, 2023.
- 100 (2) The changes to Section [79-6-602](#) take effect for a taxable year beginning on or after
- 101 January 1, 2023.